

FISCAL NOTE

Bill #: SB0168

Title: Small business equity infusion act

Primary Sponsor: Mangan, J

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
-------------------	------	-----------------------------	------

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce (DOC)

1. SB 168 authorizes the Board of Investments to contract with and loan money to the Equity Infusion Board. The Board of Investments operates under the "Prudent Expert" principle and before any loan could be made the board would have to determine whether the loan contemplated in the bill would be prudent.
2. If the board makes the loan it would be from the Permanent Coal Tax Trust at the commercial loan rate in place at the time the loan would be made.
3. There is no fiscal impact to the department.

TECHNICAL NOTES:

1. It is unclear how any loan would ever be repaid given that the loan proceeds would be invested as equity in these businesses. There are no payback requirements with typical equity investments in a business. The equity investor becomes a part owner in the business and would likely not receive any of the investment back unless the company was purchased by a larger business or went public through an Initial Public Offering.